

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Agency Procurement Activities in Fiscal Year 1964

1. This memorandum is for information only. It contains highlights of procurement activities for the past year which I thought might be of interest to you.

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2. Although the number of Agency procurement actions during Fiscal Year 1964 increased by 8.5 per cent, dollar expenditures decreased by 1 per cent to just over [REDACTED]. Despite our efforts to improve procurement planning we found only about a 3 per cent reduction in fourth quarter procurement actions with the dollars obligated during the fourth quarter increasing from 46 per cent of the total in Fiscal Year 1963 to 54 per cent in Fiscal Year 1964. The concentration of activity in the fourth quarter was at least in part due to the delay in congressional action on the Agency's appropriation, but we still can improve our planning to reduce the last minute crush.

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3. In compliance with the Administration emphasis on incentive contracting, the Agency adopted the Armed Services practice of giving consideration to the inclusion of incentives in any contract for more than

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[REDACTED] The Agency let 134 contracts in this range, totaling more [REDACTED]. Of these contracts, 61 per cent included incentive clauses.

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4. We were able to achieve cost reduction of [REDACTED] through contract negotiation, representing 6.2 per cent of the total procurement dollars. Cost reductions on individual contracts total as high as 23.4 per cent. We were able to procure property declared excess by GSA for

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5. As of 30 June 1964, the Agency had in process in varying stages of completion [REDACTED]. During the past ten years the number of annual procurement actions has more than doubled and dollar expenditures for procurement are now 3 1/2 times greater than they were.

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6. The most significant increase in contract activity during Fiscal Year 1964 was in research and development activities where the number of actions increased by 19.4 per cent, and the dollars obligated increased by more than 1/3. The most significant decline in procurement activity was caused by the termination of Project [REDACTED] resulting in a 55 per cent reduction in military procurement.

7. The Agency has paralleled the procurement program of the Department of Defense in many respects, especially with regard to the increased use of incentive contracts and greater over-all efficiency in procurement activities. We consider that, on balance, we have done as well or better than the Department of Defense in applying their own standards.

(S) L. K. White

L. K. White
Deputy Director
for Support

(5 Aug 64)

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